

ETON PROPERTIES PHILIPPINES, INC.

*8th Floor Allied Bank Center,
6754 Ayala Avenue, Makati City
Metro Manila, Philippines*

MANAGEMENT REPORT

ITEM 1 – BUSINESS OF THE CORPORATION AND ITS SUBSIDIARIES

1. Business of the Corporation

Eton Properties Philippines, Inc. (hereinafter, “Eton” or the “Company”) is the real estate arm of LT Group, Inc., developing commercial and residential projects across Metro Manila and its surrounding areas. The Company’s diversified portfolio includes commercial centers and office buildings, residential and mixed-use high-rise and mid-rise condominiums, residential subdivisions, and township projects.

Residential Projects

The Company’s residential developments have always exemplified to provide residents an environment that will allow them to connect with each other, live comfortably and realize their deepest aspirations while nurturing a strong sense of community.

Residential developments of the Company are built to engender an enduring community spirit that will allow residents to thrive. Situated in prime locations, each residential development is within easy access of schools, hospitals, transportation hubs, health and wellness centers, and modern-day conveniences, allowing residents to be within easy reach of everything that matters to their well-being.

These residential projects are safeguarded from the challenges of urban living through purposeful design elements which offers exclusivity and security, transforming each project into sanctuaries where residents can escape the pressures of city life.

The Company recognizes that individuals have various lifestyle needs, hence, each of its residential developments has been conceptualized to suit those who share similar expectations and requirements. This creates communities with members who share common aspirations and who may eventually come together to co-create their future.

Commercial Centers and Office Buildings

The Company’s massive land bank are some of Metro Manila's most attractive areas where diverse clientele and mobile markets converge. What the Company builds is just as important as where the Company builds, from accessible business-efficient environments to profitable urban hotspots for retail and dining.

The office projects of the Company are testimony to its commitment to build not just offices, but centers of convergence. The Company recognizes its role in reinforcing the productivity and complementing the lifestyle of today’s employees. Therefore, the Company has designed its office spaces to be accessible, modern, and supported by retail options relevant to the workforce.

The Company’s office spaces are strategically located, making it easier for employers to attract the best talent in the area. Its accessibility also enables employees, clients and partners to work together with ease. The Company takes seriously the fundamental requirement in office buildings

to maintain optimal productivity and optimum facilities. Offices are built in proximity to modern conveniences, retail outlets and entertainment spots to ensure that all the things that matter are within easy reach of employees, making work-life integration effortless.

The Company is committed in building office developments that meet the high standards of its clients, as well as foster a culture of collaboration and creativity in the cities where its properties can be found. The Company keeps its competitive advantage in the industry through developing projects keeping in mind its promise to never tire of seeking ways to improve and to continue being a developer worthy of respect and trust.

2. Business of the Corporation's Subsidiaries

The subsidiaries of the Company and their businesses are as follows:

a. Eton City, Inc.

Eton City, Inc. (hereinafter, "ECI") is a wholly owned subsidiary incorporated in 2008. It is one of two flagship township projects of the Company, dubbed as the Makati of the South. Its aim is to create vibrant lifestyle communities for middle and high-end market. ECI's projects for the past three years include South Lake Village, Riverbend, Village Walk and Tierrabela, all located in Sta. Rosa, Laguna. In 2018, ECI launched the construction of the first retail complex in Eton City the Eton City Square.

b. Belton Communities, Inc.

Belton Communities, Inc. (hereinafter, "BCI") is a wholly owned subsidiary incorporated in 2007. It caters to the middle-income market segment. From well-located communities to exciting amenities and features, BCI's projects are ideal for families who want a home that they can proudly call their own. BCI's first foray in creating a family-centric neighborhood is North Belton Communities, a 10.8-hectare development consisting of three residential enclaves: The Manors, West Wing Residences and West Wing Villas.

c. Eton Hotels & Leisure, Inc. (formerly FirstHomes, Inc.)

Eton Hotels & Leisure, Inc (hereinafter, "EHLI") is a wholly owned subsidiary incorporated in 2010. Its primary purpose is to manage and operate hotels, resorts, apartelles, serviced apartments and other hospitality facilities, buildings, houses, apartments and other structures and immovable and personal property.'s

d. Eton Properties Management Corporation

Eton Properties Management Corporation (hereinafter, "EPMC") is a wholly owned subsidiary incorporated in 2011. It is a real estate management company organized to maintain the Company's residential and commercial projects located in various sites. EPMC commenced its commercial operations in 2016.

ITEM 2 – FINANCIAL STATEMENTS

The consolidated Financial Statements and related Notes to Financial Statements of the Company are incorporated herein by reference and attached as an integral part of this Management Report.

ITEM 3 – INFORMATION ON INDEPENDENT ACCOUNTANT AND OTHER RELATED MATTERS

1. Audit Fee and Audit-Related fees

Audit fees paid to SyCip Gorres Velayo & Co. (“SGV”), the Company’s external auditor, in connection with statutory and regulatory filings or engagements are as follows:

2021 - ₱2,450,000 (inclusive of out-of-pocket expenses)
2020 - ₱2,450,000 (inclusive of out-of-pocket expenses)
2019 - ₱2,450,000 (inclusive of out-of-pocket expenses)

Other Assurance and Related Services

The Company also engaged the services of SGV for tax compliance purposes for the period ended December 31, 2021 and 2020.

2. Tax Fees

SGV did not provide any special tax compliance services for the Company for the years ended 2021 and 2020.

3. All Other Fees

No other fees were billed in each of the last two fiscal years for products and services provided by SGV other than as reported above.

4. The Audit Committee’s approval policies and procedures for the above services

In 2007, the appointment of the external auditor was delegated by the stockholders to the Board of Directors. The delegated authority has not been revoked or reversed.

In compliance with Chapter IV.C.3 of the Revised Corporate Governance Manual of the Company, the quarterly and annual financial statements are reviewed by the Audit Committee before their submission to the Board of Directors for approval before their release. The Audit Committee also evaluates the non-audit and additional work, if any, to be rendered by the external auditor before endorsing the same to the Board for approval.

5. Disagreements with Accountants on Accounting and Financial Disclosure

There were no disagreements with the Company’s accountants on any accounting and financial disclosure during the three most recent years in the year ended 31 December 2021 or in any subsequent interim period.

6. Additional Components of Financial Statements

a. Tabular Schedule of Standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year.

b. Map on the Relationships of Companies that are Part of the Conglomerate

The Company's corporate structure is shown in Schedule J (page 55) of the Annual Report.

ITEM 4 – MARKET FOR THE CORPORATION'S SHARES

1. Market Information

The Company voluntarily delisted its shares from the Philippine Stock Exchange in 2012 and delisting took effect on 2 January 2013. Up to the present time, the Company's shares are not publicly traded.

2. Holders

There are approximately 1,668 holders of shares of the Company as of 28 February 2022.

The Company has a total outstanding capital stock of 5,723,017,872 shares as of 28 February 2022. Hereunder is the list of the top twenty (20) stockholders as of 28 February 2022:

Name of Stockholder	No. of Shares	Percentage to Total
1. Paramount Landequities, Inc.	3,203,210,526	55.9706539040
2. Saturn Holdings, Inc.	2,446,009,079	42.7398469428
3. PCD Nominee Corp. (Filipino)**	54,387,683	0.9503322236
4. Sytengco &/or Necisto U. Sytengco, Aylene Y.	4,330,000	0.0756593828
5. Sytengco, Aylene Y.	802,334	0.0140194215
Sytengco, Ned Bryan Y.	802,333	0.0140194041
6. Sytengco II, Necisto Y.	802,333	0.0140194041
7. Panlilio, Bong	718,130	0.0125480999
8. Cualoping Securities Corporation	606,801	0.0106028150
9. Tanenglian, Mariano	574,073	0.0100309489
10. Dela Cruz, Teresita	350,136	0.0061180309
11. Guild Securities Inc.	249,171	0.0043538393
12. Yap, Luis Y.	218,152	0.0038118350
13. Buison &/or Norma M. Buison, Edgardo J.	170,000	0.0029704608
14. Chua, Christopher	168,580	0.0029456487
15. Recto, Ramon A.	127,071	0.0022203495
16. Mendoza, Alberto &/or Jeanie C.	125,147	0.0021867309
17. L.M Garcia & Associates Inc.	122,913	0.0021476955
18. ZFF Ventures & Development Corp.	122,416	0.0021390113
19. David Go Securities Corporation	122,060	0.0021327908
20. Li, Berio T.	117,994	0.0020617444
Total	5,714,136,932	99.8448206838

** including 52,144,998 scrippless shares of Paramount Landequities, Inc.

Voting Rights

Each share is entitled to one (1) vote.

With respect to the election of Directors, stockholders of record are entitled to as many number of votes as is equal to the number of shares he owns multiplied by eleven (11),

the number of Directors to be elected. A stockholder may (i) cast all votes in favor of one (1) nominee, or (ii) cast votes for as many Directors to be elected, or (iii) distribute the votes among as many nominees he shall see fit.

3. Dividends

The Company distributes dividends subject to the availability of unrestricted retained earnings. Among others, the Board of Directors takes into consideration the earnings, cash flow and financial condition of the Company before declaring any dividends.

The undistributed earnings of subsidiaries which are included in the retained earnings are not available for declaration as dividend until declared and distributed by the subsidiaries as dividends.

All dividends are subject to the approval of the Company's Board of Directors and in the case of stock dividend, by the Stockholders representing at least two thirds (2/3) of the outstanding capital stock. In addition, stock or property dividends require the approval of the Commission.

The Company's retained earnings are restricted for payment of dividends to the extent of the amount of Treasury shares amounting to ₱7,955.00.

The Company has not distributed dividends for the past three years.

4. Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction

For the past three years, the Company has not sold any unregistered or exempt securities, nor were there any recent issuances of securities constituting an exempt transaction.

ITEM 5 – MANAGEMENT’S DISCUSSION AND ANALYSIS

Full Year 2021

a) Result of Operations

	Years Ended December 31		Change in	
	2021	2020	Amount	Change in %
REVENUE				
Rental income	1,614,216,585	1,757,700,827	(143,484,242)	(8.16%)
Rooms and other operated departments	220,186,409	205,182,683	15,003,726	7.31%
Real estate sales	137,666,528	641,688,855	(504,022,327)	(78.55%)
	1,972,069,522	2,604,572,365	(632,502,843)	(24.28%)
COSTS AND EXPENSES				
Cost of rental income	732,791,004	674,438,650	58,352,354	8.65%
Cost of rooms and other operated departments	93,255,206	108,425,233	(15,170,027)	(13.99%)
Cost of real estate sales	55,053,102	239,524,318	(184,471,216)	(77.02%)
Selling expenses	25,525,890	32,055,508	(6,529,618)	(20.37%)
General and administrative expenses	740,881,329	584,141,096	156,740,233	26.83%
	1,647,506,531	1,638,584,805	8,921,726	0.54%
OTHER INCOME (CHARGES) - Net				
Finance charges	(257,230,830)	(272,686,173)	15,455,343	(5.67%)
Interest income	13,173,791	19,847,363	(6,673,572)	(33.62%)
Foreign exchange gains (losses) - net	4,149,693	(4,292,774)	8,442,467	(196.67%)
Other income - net	578,374,718	454,966,525	123,408,193	27.12%
	338,467,372	197,834,941	140,632,431	71.09%
INCOME BEFORE INCOME TAX	663,030,363	1,163,822,501	(500,792,138)	(43.03%)
PROVISION FOR INCOME TAX				
Current	214,398,686	229,291,476	(14,892,790)	(6.50%)
Deferred	(101,614,098)	132,430,241	(234,044,339)	(176.73%)
	112,784,588	361,721,717	(248,937,129)	(68.82%)
NET INCOME	550,245,775	802,100,784	(251,855,009)	(31.40%)

The Company’s net income after tax decreased by 31.40% or ₱251.86 million, from ₱802.10 million in 2020 to ₱550.25 million in 2021. The decrease is attributable to the decline in revenues by 24.28% or ₱632.50 million, from ₱2,604.57 million in 2020 to ₱1,972.07 million in 2021. Real estate sales were lower by 78.55%. or ₱504.02 million, while rental income decreased by 8.16% or ₱143.48 million as a result of the slow-down in economic activity brought about by the restrictions imposed by the Government due to the COVID-19 pandemic. Room and other operated departments, on the other hand, increased by 7.31% or ₱15.00 million from ₱205.18 million in 2020 to ₱220.19 million for the year 2021, due to the higher room occupancy of its serviced apartment in Makati City.

Other income meanwhile, increased by 71.09% or ₱140.63 million compared to last year mainly due to new service contracts rendered by the Company during the year.

The Company's wholly-owned subsidiaries, ECI and BCI contributed a combined gross revenue of ₱130.55 million.

Provision for income tax decreased by 68.82% or ₱248.94 million, from ₱361.72 million in 2020 to ₱112.78 million in 2021, due to lower net income and decrease in income tax rate brought about by the effectivity of the CREATE bill.

Expenses

General and administrative expenses increased by 26.83% or ₱156.74 million, from ₱584.14 million in 2020 to ₱740.88 million in 2021, mainly due to higher provision for estimated credit losses. Finance charges, however, decreased by 5.67% or ₱15.46 million, from ₱272.69 million in 2020 to ₱257.23 million in 2021 due to principal bank loan repayments and lower interest costs during the year.

The Company is closely monitoring the business activities of its tenants in order to assist and mitigate the impact of the pandemic in their operations. Our sustainable partnership with our tenants continue to play a vital role in navigating this crisis. Considering the effects of the pandemic, the Company put proactive measures to mitigate vacancy risk. The aim of the Company now is to work in partnership with tenants to finish the year with steady revenue and prepare to bounce back by next year, as the Government starts to ease restrictions.

The Company strictly implements and follows national and local government advisories and guidelines as well as the best practices taken by the Philippine Department of Health (DOH) to support the government's objective fully stop the spread of the Covid-19 virus.

b) Financial Condition

	December 31			
	2021	2020	Change in Amount	Change in %
ASSETS				
Current Assets				
Cash and cash equivalents	2,179,108,363	1,407,273,712	771,834,651	54.85%
Trade and other receivables	1,895,479,765	1,678,222,260	217,257,505	12.95%
Real estate inventories	4,158,419,704	4,140,024,825	18,394,879	0.44%
Other current assets	1,452,051,842	1,606,932,851	(154,881,009)	(9.64%)
Total Current Assets	9,685,059,674	8,832,453,648	852,606,026	9.65%
Noncurrent Assets				
Receivables - net of current portion	88,514,047	632,103,555	(543,589,508)	(86.00%)
Investment properties	21,291,373,182	20,882,736,426	408,636,756	1.96%
Property and equipment	773,648,541	822,306,826	(48,658,285)	(5.92%)
Right-of-use assets	234,771,266	247,586,055	(12,814,789)	(5.18%)
Deferred income tax assets	8,253,394	8,733,016	(479,622)	(5.49%)
Other noncurrent assets	302,689,115	396,017,589	(93,328,474)	(23.57%)
Total Noncurrent Assets	22,699,249,545	22,989,483,467	(290,233,922)	(1.26%)
TOTAL ASSETS	32,384,309,219	31,821,937,115	562,372,104	1.77%
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	3,475,341,163	3,467,003,653	8,337,510	0.24%
Customers deposit	955,097,869	997,714,294	(42,616,425)	(4.27%)
Current portion of:				
Loans payable	1,682,981,051	845,122,559	837,858,492	99.14%
Lease liabilities	43,796,733	16,965,395	26,831,338	158.15%
Deposits and other current liabilities	317,331,174	229,089,463	88,241,711	38.52%
Income tax payable	8,582,123	49,284	8,532,839	17313.61%
Total Current Liabilities	6,483,130,113	5,555,944,648	927,185,465	16.69%
Noncurrent Liabilities				
Loans payable - net of current portion	4,453,385,836	5,246,613,375	(793,227,539)	(15.12%)
Payables to landowners - net of current portion	1,061,190,858	1,061,190,858	-	0.00%
Lease liabilities - net of current portion	464,799,982	477,074,262	(12,274,280)	(2.57%)
Deferred income tax liabilities	103,047,314	196,439,163	(93,391,849)	(47.54%)
Other noncurrent liabilities	595,032,147	643,211,617	(48,179,470)	(7.49%)
Total Noncurrent Liabilities	6,677,456,137	7,624,529,275	(947,073,138)	(12.42%)
Total Liabilities	13,160,586,250	13,180,473,923	(19,887,673)	(0.15%)
Equity				
Capital stock	5,723,017,872	5,723,017,872	-	0.00%
Additional paid in capital	8,206,662,618	8,206,662,618	-	0.00%
Accumulated re-measurements on retirement benefits	64,380,137	32,366,135	32,014,002	98.91%
Retained earnings	5,229,670,297	4,679,424,522	550,245,775	11.76%
Treasury shares	(7,955)	(7,955)	-	0.00%
Total Equity	19,223,722,969	18,641,463,192	582,259,777	3.12%
TOTAL LIABILITIES AND EQUITY	32,384,309,219	31,821,937,115	562,372,104	1.77%

As of December 31, 2021, the Company's consolidated assets increased by 1.77% or ₱562.37 million, from ₱31,821.94 million as of December 31, 2020 to ₱32,384.31 million of December 31, 2021. The increase primarily pertains to the increase in cash and cash equivalents by 54.85% or ₱771.83 million, from ₱1,407.27 million as of December 31, 2020 to ₱2,179.11 million as of December 31, 2021. The increase is mainly from the Company's collections from leasing operations and real estate sales customers, while operating & capital expenditures were reduced

during the year. Investment properties also increased by 1.96% or ₱408.64 million, from ₱20,882.74 million as of December 31, 2020 to ₱21,291.37 million as of December 31, 2021, mainly due to the continuous development of WestEnd Square, a mixed-use development in Makati and Eton City Square in Sta. Rosa, Laguna.

Total liabilities slightly decreased by ₱19.89 million, from ₱13,180.47 million as of December 31, 2020 to ₱13,160.59 million as of December 31, 2021. The decrease is mainly due to the decrease in Customers' deposits by 4.27% or ₱42.62 million, from ₱997.71 million as of December 31, 2020 to ₱955.10 million as of December 31, 2021, which pertains to prior year collections that were recognized as real estate sales in 2021, upon meeting the Company's revenue recognition criteria.

Though it remained to be a difficult year for the real estate market, Centris Cyberpod One and Three continued to be 100% fully leased out for the year, while Centris Cyberpod Five reported a growth in its occupancy by 118% at the end of 2021. We expect that occupancy for 2022 will improve as BPO and POGO operators are mandated by the government to return to the office by second quarter of 2022.

With the reopening of the economy, Eton Properties is well positioned to capture existing business opportunities in the retail and office sectors, as well as new markets. By the end of 2021, Eton Properties' commercial leasing portfolio increased by 11,500 square meters or 7% from the previous year to approximately 237,000 square meters, as a result of the completion of Blakes Tower, a 36-storey office and residential building in Makati City. Through the launching of Eton City Square by the second quarter of 2022, an additional 5,824 square meters of net leasable area will be added to the current leasing portfolio.

Residential Leasing occupancy improved from 36% to 77% or an improvement of 114% in 2021, as it experienced a shift in target market from expats and students to locals who need affordable accommodations near CBDs and key areas. Management is focused on maintaining healthy renewals to maintain healthy occupancy. With the completion of the residential component of Blakes Tower, the residential leasable area will increase by 13,900 square meters or 67% for a total of 34,400 square meters.

The Mini Suites' rooms revenue continues to deliver a solid performance this year with revenues up by 7% to Php 220 million as it seizes the quarantine accommodation market for 2021, posting 85.9% occupancy by the end of the year. For 2022, we aim to adapt a multi-use strategy to capture both the quarantine accommodation market as well as the travel and leisure and staycation market.

During the year, as part of our efforts to expand our revenue sources, Eton Properties together with its wholly-owned subsidiary, Eton Properties Management Corporation (EPMC), entered into a management agreement with PNB Holdings Corporation (PHC), to manage and operate its 135,000 square meters of leasable commercial area.

The pandemic gave Eton Properties the opportunity to adapt to emerging trends in the market. While demand for retail and office took a dip in 2021, Eton Properties' retail and office spaces still attracted a significant market due to our development's wide open space layouts and strict health and safety standards in place. Eton Centris in Quezon City welcomed a good number of commercial tenants including renowned brands such as Coco Fresh, Zark's Burgers, MotoMarket, Growl, and Maxicare, among others. While Centris Cyberpod Five, situated in the same BPO-IT lifestyle hub, attracted BPO companies and traditional offices that decided to locate there.

Eton Properties continues to innovate the products it offers to the market with the planned introduction of its dormitory and co-living concept, Mini Dwellings, which will be launched at Blakes Tower alongside an exclusive organization which will be called the Dwellers Club, which

will have premium access to the development's lifestyle amenities. Mini Dwellings is envisioned to expand in Eton Properties' township projects to provide a full complement to the communities that are currently under development.

As the economy continues to pick up, Eton Properties is well-positioned as a stable and resilient company that sustains a well-balanced portfolio of office, residential and commercial projects that will remain attractive to investors and capture new business opportunities.

c) The Company's top five (5) key performance indicators are as follows:

1. Net Income

The Company posted net income after tax of ₱550.25 million for the year ended December 31, 2021, lower than the net income generated in 2020 of ₱802.10 million. The decrease was mainly attributable to the decrease in revenues.

2. Current Ratio (Current Assets/Current Liabilities)

Current ratio as of December 31, 2021 1.49:1 compared to 1.59:1 as of December 31, 2020. The decrease was mainly due to the reclassification of bank loans payable that will become due in the next 12 months.

3. Earnings Per Share

The Company reported earnings per share of ₱0.096 per share for the year ended December 31, 2021 and ₱0.140 for the period ended 2020. Diluted earnings per share for the period ending December 31, 2021 and 2020 is at ₱0.096 and ₱0.140 per share, respectively.

4. Debt to Equity Ratio (Total Liabilities/Total Equity)

The Company's debt to equity ratio decreased to 0.68 as of December 31, 2021 from 0.71 as of December 31, 2020, the decrease was mainly due to principal payment of bank loans during the period.

5. Quick Ratio

(Cash and Cash Equivalents and Receivables/Current Liabilities)

Quick ratio as of December 31, 2021 and December 31, 2020 is 0.63:1 and 0.56:1, respectively. The increase is primarily due to higher cash and cash equivalents, mainly collected from the Company's leasing operations and real estate sales customers, while operating & capital expenditures were reduced during the year.

d) Known Trends, Events of Uncertainties

There are no known trends or any known demands, events of uncertainties that will affect the Company's liquidity. Expected inflows from operations are deemed sufficient to sustain the Company's operations for the next six months.

There are no events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

There are no known material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues of income from continuing operations.

e) Significant Elements of Income or Loss

There is no significant element of income that did not arise from continuing operations.

f) The causes for any material change from period to period which shall include vertical and horizontal analyses of material item.

Results of the vertical analyses showed the following:

1. Cash and cash equivalents	6.73%
2. Receivables	6.13%
3. Real Estate project in progress	12.84%
4. Investment properties	65.75%
5. Accounts payable and other current liabilities	10.73%
6. Loans Payable	18.95%
7. Equity	59.36%

Results of the horizontal analyses showed the following:

1. Cash and cash equivalents	54.85%
The increase is primarily due to higher cash and cash equivalents, mainly collected from the Company's leasing operations and real estate sales customers, while operating & capital expenditures were reduced during the year.	
2. Receivables	-14.12%
The decrease was mainly due to additional provision for estimated credit losses during the year	
3. Other current assets	-9.64%
The decrease mainly pertains to the Company's application of its excess input VAT and creditable withholding taxes from prior year to its current output VAT and income tax dues, respectively..	
4. Property and equipment	-5.92%
The decrease was mainly due to the depreciation recognized during the year.	
5. Right of use asset	-5.18%
The decrease was mainly due to the amortization recognized during the year.	

6. Deferred income tax assets The decrease primarily represents the timing difference between tax and book basis of accounting for real estate and leasing transactions.	-5.49%
7. Other noncurrent assets The decrease primarily pertained to the recoupment of advances to contractors against contractors' progress billings during the year	-23.57%
8. Current portion of deposits and other liabilities The increase was mainly due to the increase in tenant's security deposits coming from the Company's new office tenants and the relating increase in rental rates of its existing tenants.	38.52%
9. Deferred income tax liabilities The decrease primarily represents the timing difference between tax and book basis of accounting for real estate and leasing transactions.	38.52%
10. Other noncurrent liabilities The decrease primarily pertains to the recognition as lease revenue of the deferred rental income in prior year	38.52%

- g. There is no material commitment for capital expenditures other than those performed in the ordinary course of trade or business.

ANALYSIS OF PRIOR YEAR OPERATIONS AND FINANCIAL CONDITION

Full Year 2020

a) Result of Operations

	Years Ended December 31		Change in	
	2020	2019	Amount	Change in %
REVENUE				
Rental income	1,757,700,827	1,707,833,363	49,867,464	2.92%
Rooms and other operated departments	205,182,683	181,862,482	23,320,201	12.82%
Real estate sales	641,688,855	1,424,597,666	(782,908,811)	(54.96%)
	2,604,572,365	3,314,293,511	(709,721,146)	(21.41%)
COSTS AND EXPENSES				
Cost of rental income	674,438,650	667,182,187	7,256,463	1.09%
Cost of rooms and other operated departments	108,425,233	129,621,689	(21,196,456)	(16.35%)
Cost of real estate sales	239,524,318	663,788,693	(424,264,375)	(63.92%)
Selling expenses	32,055,508	111,616,454	(79,560,946)	(71.28%)
General and administrative expenses	584,141,096	675,260,330	(91,119,234)	(13.49%)
	1,638,584,805	2,247,469,353	(608,884,548)	(27.09%)
OTHER INCOME (CHARGES) - Net				
Finance charges	(272,686,173)	(364,339,771)	91,653,598	(25.16%)
Interest income	19,847,363	105,948,308	(86,100,945)	(81.27%)
Foreign exchange gains (losses) - net	(4,292,774)	(2,228,301)	(2,064,473)	92.65%
Other income - net	454,966,525	472,537,334	(17,570,809)	(3.72%)
	197,834,941	211,917,570	(14,082,629)	(6.65%)
INCOME BEFORE INCOME TAX	1,163,822,501	1,278,741,728	(114,919,227)	(8.99%)
PROVISION FOR INCOME TAX				
Current	229,291,476	264,979,692	(35,688,216)	(13.47%)
Deferred	132,430,241	113,378,237	19,052,004	16.80%
	361,721,717	378,357,929	(16,636,212)	(4.40%)
NET INCOME	802,100,784	900,383,799	(98,283,015)	(10.92%)

For the year 2020, the Company reported a Net Income after tax of ₱802.1 million this is 10.92% or ₱98.28 million lower than the ₱900.38 million recorded in 2019. The decrease in the Net Income is mainly attributable to the decrease in real estate sales revenue partially offset by the decline in cost and operating expenses.

The Covid-19 pandemic impacted the business for the year when the government placed the entire Luzon under Community Quarantine.

However, despite the pandemic leasing revenues grew by 2.92% or ₱49.9 million as compared to 2019 as a result of rental rate escalations and stable occupancy of office spaces. Revenue from rooms and other operated department likewise increased by 12.82% or ₱23.32 million. On the other hand, real estate sales revenues significantly declined by 54.96% or ₱782.81 million vis a vis last year's performance due to lower real estate sales from the Group's completed projects, 8 Adriatico in Manila, 68 Roces along Don Alejandro Roces Avenue in Quezon City and North Belton Communities in Caloocan City.

Other income (charges) decreased by 6.65% or ₱14.08 million compared to last year mainly due

to decline in interest rates on money market placements that resulted to a lower interest income yield. The impact on interest income was partially offset by the corresponding decrease in financing charges

Provision for income tax decreased from ₱378.36 million in 2019 to ₱361.72 million in 2020 due to lower revenue and the timing difference in the net income reported for tax purposes as against the financial income reported in the financial statements.

The Company's wholly-owned subsidiaries, ECI and BCI, contributed gross revenues of amounting to ₱171.86 million and ₱348.93 million, respectively.

Expenses

General and administrative expenses decreased by 13.49% or ₱91.12 million primarily due to the lower utilities, repairs & maintenance due to numerous cost cutting measures implemented during the year. Selling expenses significantly decreased by 71.28% or ₱79.56 million as compared to 2019 due to the decrease in commissions as a result of lower sales revenue booked during the year.

For 2020, the Company recorded additional provision for Estimated Credit Loss (ECL) on Contract Receivables, Lease Receivables and Other Assets on a per contract basis amounting to ₱17.7 million for possible default in collection of the said receivables. Also, certain receivables were subjected to deferment in compliance with the Bayanihan Act 1 and 2, and DTI Rules on rental collection.

The Company is closely monitoring the business activities of its tenants in order to assist to their operations. Our sustainable partnership with our tenants plays a vital role in navigating this crisis. Considering the effects of the pandemic, the Company put proactive measures to mitigate vacancy risk. The aim of the Company now is to work in partnership with tenants to finish the year with steady revenue and prepare to bounce back early next year.

The Company strictly follows national and local government advisories and guidelines as well as the best practices taken by the Philippine Department of Health (DOH) to support the government's objective to stop the spread of the Covid-19 virus. Pandemic situations like Covid-19 usually have a longer period of impact to business operation and pose greater risk of exposing personnel.

Learnings from this pandemic will be used to improve its Business Continuity Plan (BCPs) moving forward. Management believes that these measures can alleviate the further negative impact of the outbreak to the Group's business and to its financial condition and performance for the next reporting period.

b) Financial Condition

	December 31			
	2020	2019	Change in Amount	Change in %
ASSETS				
Current Assets				
Cash and cash equivalents	1,407,273,712	2,323,875,922	(916,602,210)	(39.44%)
Trade and other receivables	1,678,222,260	923,780,710	754,441,550	81.67%
Real estate inventories	4,140,024,825	4,362,518,951	(222,494,126)	(5.10%)
Other current assets	1,606,932,851	1,619,726,781	(12,793,930)	(0.79%)
Total Current Assets	8,832,453,648	9,229,902,364	(397,448,716)	(4.31%)
Noncurrent Assets				
Receivables - net of current portion	632,103,555	674,304,192	(42,200,637)	(6.26%)
Investment properties	20,882,736,426	20,273,173,539	609,562,887	3.01%
Property and equipment	822,306,826	890,587,307	(68,280,481)	(7.67%)
Right-of-use assets	247,586,055	273,259,712	(25,673,657)	(9.40%)
Deferred income tax assets	8,733,016	9,603,650	(870,634)	(9.07%)
Other noncurrent assets	396,017,589	476,862,486	(80,844,897)	(16.95%)
Total Noncurrent Assets	22,989,483,467	22,597,790,886	391,692,581	1.73%
TOTAL ASSETS	31,821,937,115	31,827,693,250	(5,756,135)	(0.02%)
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	3,467,003,653	3,531,062,295	(64,058,642)	(1.81%)
Customers deposit	997,714,294	978,617,758	19,096,536	1.95%
Current portion of:				
Payable to landowners	-	1,828,949,047	(1,828,949,047)	(100.00%)
Loans payable	845,122,559	1,199,758,184	(354,635,625)	(29.56%)
Lease liabilities	16,965,395	16,099,500	865,895	5.38%
Deposits and other current liabilities	229,089,463	188,945,677	40,143,786	21.25%
Income tax payable	49,284	-	49,284	
Total Current Liabilities	5,555,944,648	7,743,432,461	(2,187,487,813)	(28.25%)
Noncurrent Liabilities				
Loans payable - net of current portion	5,246,613,375	5,065,941,133	180,672,242	3.57%
Payables to landowners - net of current portion	1,061,190,858	-	1,061,190,858	
Lease liabilities - net of current portion	477,074,262	482,580,982	(5,506,720)	(1.14%)
Deferred income tax liabilities	196,439,163	63,180,440	133,258,723	210.92%
Other noncurrent liabilities	643,211,617	637,160,431	6,051,186	0.95%
Total Noncurrent Liabilities	7,624,529,275	6,248,862,986	1,375,666,289	22.01%
Total Liabilities	13,180,473,923	13,992,295,447	(811,821,524)	(5.80%)
Equity				
Capital stock	5,723,017,872	5,723,017,872	-	0.00%
Additional paid in capital	8,206,662,618	8,206,662,618	-	0.00%
Accumulated re-measurements on retirement benefits	32,366,135	28,401,530	3,964,605	13.96%
Retained earnings	4,679,424,522	3,877,323,738	802,100,784	20.69%
Treasury shares	(7,955)	(7,955)	-	0.00%
Total Equity	18,641,463,192	17,835,397,803	806,065,389	4.52%
TOTAL LIABILITIES AND EQUITY	31,821,937,115	31,827,693,250	(5,756,135)	(0.02%)

As of the end of December 31, 2020, the Group's consolidated assets stood at ₱31.82 billion, slightly lower by ₱0.006 billion than the ₱31.83 billion consolidated assets as of December 31, 2019. The net decrease was primarily due to the decrease in Cash and Cash Equivalents of ₱0.92 billion due to the prepayment of loan with BPI amounting to ₱1.2 billion partially offset by the increase in Trade Receivables and Investment Properties amounting to

₱0.75 billion and ₱0.61 billion, respectively.

At the end of 2020, total debt at the consolidated level amounted to ₱13.18 billion, a 5.80% decrease from the December 2019 level of ₱13.99 billion. The decrease in debt level was due to payment of loans.

Total equity, on the other hand, increased by ₱806.06 million mainly due to the net income recognized during the year.

c) The Company's top five (5) key performance indicators are as follows:

1. Net Income

The Company posted net income after tax of ₱802.10 million for the year ended December 31, 2020, lower than the net income generated in 2019 of ₱900.38 million. The increase was mainly due to lower sales revenues.

2. Current Ratio (Current Assets/Current Liabilities)

Current ratio as of December 31, 2020 1.59:1 compared to 1.19:1 as of December 31, 2019. The increase was mainly due to the reclassification of portion of payable to landowners from current to noncurrent as the promissory notes relating to the said liabilities have been extended for a period of three (3) years.

3. Earnings Per Share

The Company reported earnings per share of ₱0.1402 per share for the period ended December 31, 2020 and ₱0.1573 as of end of 2019. Diluted earnings per share for the period ending December 31, 2020 and 2019 is at ₱0.1402 and ₱0.01573 per share, respectively.

4. Debt to Equity Ratio (Total Liabilities/Total Equity)

The Company's debt to equity ratio decreased to 0.71 from 0.78 in 2018, the decrease was mainly due to principal payment of bank loans during the period.

5. Quick Ratio

(Cash and Cash Equivalents and Receivables/Current Liabilities)

Quick ratio as of December 31, 2020 and December 31, 2019 is 0.56:1 and 0.42:1, respectively. The increase is primarily due to lower current liabilities as a result reclassification of portion of payable to landowners from current to noncurrent as the promissory notes relating to the said liabilities have been extended for a period of three (3) years.

g) Known Trends, Events of Uncertainties

There are no known trends or any known demands, events of uncertainties that will affect the Company's liquidity. Expected inflows from operations are deemed sufficient to sustain the Company's operations for the next six months.

There are no events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

There are no known material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues of income from continuing operations.

h) Significant Elements of Income or Loss

There is no significant element of income that did not arise from continuing operations.

i) The causes for any material change from period to period which shall include vertical and horizontal analyses of material item.

Results of the vertical analyses showed the following:

1. Receivables	7.27%
2. Real Estate project in progress	13.02%
3. Other current assets	5.04%
4. Investment properties	65.62%
5. Accounts payable and other current liabilities	10.90%
6. Loans Payable	19.14%
7. Equity	58.58%

Results of the horizontal analyses showed the following:

1. Cash and cash equivalents The decrease was attributed to the prepayment of loan with BPI amounting to ₱1.2 billion.	-39.44%
2. Receivables The increase was mainly due to certain receivables that were subjected to deferment in compliance with the Bayanihan Act 1 and 2, and DTI Rules on rental collection.	44.57%
3. Real estate inventory The decrease was mainly due to cost recognized on sold units.	-5.10%
4. Other non-current assets The decrease was mainly due to the decrease in the non-current portion of advances to contractors.	-16.95%
5. Property and equipment The decrease was mainly due to the depreciation recognized during the year.	-7.67%
6. Right of use asset The increase was mainly due to recognition of the right	-9.40%

to use of leased asset in compliance with PFRS16.

- | | |
|--|---------|
| 7. Deferred income tax assets | -9.07% |
| The decrease primarily represents the timing difference between tax and book basis of accounting for real estate and leasing transactions. | |
| 8. Payable to landowner | -41.98% |
| The decrease was mainly due to payment of outstanding balance related to various land purchases. | |
| 9. Deposits and other liabilities | 5.59% |
| The increase was mainly due to the increase in security deposits, advance rental and retirement liability. | |

Full Year 2019

a) Result of Operations

	Years Ended December 31		Change in	
	2019	2018	Amount	Change in %
REVENUE				
Rental income	1,707,833,363	1,494,724,468	213,108,895	14.26%
Rooms and other operated departments	181,862,482	93,245,771	88,616,711	95.04%
Real estate sales	1,424,597,666	1,704,010,551	(279,412,885)	(16.40%)
	3,314,293,511	3,291,980,790	22,312,721	0.68%
COSTS AND EXPENSES				
Cost of rental income	667,182,187	590,908,185	76,274,002	12.91%
Cost of rooms and other operated departments	129,621,689	65,760,756	63,860,933	97.11%
Cost of real estate sales	663,788,693	1,196,125,303	(532,336,610)	(44.51%)
Selling expenses	111,616,454	101,162,087	10,454,367	10.33%
General and administrative expenses	675,260,330	780,879,312	(105,618,982)	(13.53%)
	2,247,469,353	2,734,835,643	(487,366,290)	(17.82%)
OTHER INCOME (CHARGES) - Net				
Finance charges	(364,339,771)	(291,172,496)	(73,167,275)	25.13%
Interest income	105,948,308	57,320,230	48,628,078	84.84%
Foreign exchange gains (losses) - net	(2,228,301)	4,756,636	(6,984,937)	(146.85%)
Other income - net	472,537,334	353,376,642	119,160,692	33.72%
	211,917,570	124,281,012	87,636,558	70.51%
INCOME BEFORE INCOME TAX	1,278,741,728	681,426,159	597,315,569	87.66%
PROVISION FOR INCOME TAX				
Current	264,979,692	203,190,763	61,788,929	30.41%
Deferred	113,378,237	(13,497,170)	126,875,407	(940.01%)
	378,357,929	189,693,593	188,664,336	99.46%
NET INCOME	900,383,799	491,732,566	408,651,233	83.10%

The Company ended the year with a Net Income after tax of ₱900.38 million this is 83.10% or ₱408.65 million higher than the ₱491.73 million recorded in 2018. The improvement in the Net Income is attributable to the improvement in the total revenue as the leasing segment and serviced apartment both surpassed prior year's performance.

Leasing revenues grew by 14.26% or ₱213.10 million as compared to 2018 as a result of rental rate escalations and stable occupancy of office spaces. Revenue from rooms and other operated department also increased by 95.04% or ₱88.62 million. Real estate sales, however, declined by 16.4% or ₱279.4 million vis-a-vis last year's performance following a one-time sale of 2.1 hectares land in Manggahan, Pasig to Ali Eton Property Development Corporation in 2018.

Over-all gross profit rate, improved from 50.32% to 62.58% in 2019. The significant improvement was also due to the one-time sale of land as mentioned above.

Other charges significantly dropped by 70.51% or ₱87.64 million compared to last year due to higher interest income on money market placements as well as other income. This is partially offset by the increase in finance charges.

Provision for income tax increased from ₱189.69 million in 2018 to ₱378.36 million in 2019 due

to higher revenue and the timing difference in the net income reported for tax purposes as against the financial income reported in the financial statements.

The Company's wholly owned subsidiaries, ECI and BCI, contributed gross revenues amounting to ₱409.87 million and ₱411.93 million, respectively.

Expenses

General and administrative expenses decreased by 13.53% or ₱105.62 million primarily due to the lower utilities, repairs & maintenance and provision for estimated credit loss. Selling expenses rose by 10.33% or ₱10.45 million as compared to 2018 due to the increase in commissions as a result of higher reservation sales booked during the year.

b) Financial Condition

	December 31			
	2019	2018	Change in Amount	Change in %
ASSETS				
Current Assets				
Cash and cash equivalents	2,323,875,922	2,642,543,070	(318,667,148)	(12.06%)
Trade and other receivables	923,780,710	1,396,772,534	(472,991,824)	(33.86%)
Real estate inventories	4,362,518,951	4,958,558,533	(596,039,582)	(12.02%)
Other current assets	1,619,726,781	1,588,874,489	30,852,292	1.94%
Total Current Assets	9,229,902,364	10,586,748,626	(1,356,846,262)	(12.82%)
Noncurrent Assets				
Receivables - net of current portion	674,304,192	294,717,675	379,586,517	128.80%
Investment properties	20,273,173,539	18,910,921,879	1,362,251,660	7.20%
Property and equipment	890,587,307	954,837,653	(64,250,346)	(6.73%)
Right-of-use assets	273,259,712	-	273,259,712	
Deferred income tax assets	9,603,650	33,596,435	(23,992,785)	(71.41%)
Other noncurrent assets	476,862,486	541,712,684	(64,850,198)	(11.97%)
Total Noncurrent Assets	22,597,790,886	20,735,786,326	1,862,004,560	8.98%
TOTAL ASSETS	31,827,693,250	31,322,534,952	505,158,298	1.61%
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	3,531,062,295	3,436,252,119	94,810,176	2.76%
Customers deposit	978,617,758	1,115,106,227	(136,488,469)	(12.24%)
Current portion of:				
Payable to landowners	1,828,949,047	499,926,349	1,329,022,698	265.84%
Loans payable	1,199,758,184	737,816,725	461,941,459	62.61%
Lease liabilities	16,099,500	-	16,099,500	
Deposits and other current liabilities	188,945,677	312,487,297	(123,541,620)	(39.53%)
Total Current Liabilities	7,743,432,461	6,101,588,717	1,641,843,744	26.91%
Noncurrent Liabilities				
Loans payable - net of current portion	5,065,941,133	6,453,148,621	(1,387,207,488)	(21.50%)
Payables to landowners - net of current portion	-	1,384,949,047	(1,384,949,047)	(100.00%)
Lease liabilities - net of current portion	482,580,982	-	482,580,982	
Deferred income tax liabilities	63,180,440	-	63,180,440	
Other noncurrent liabilities	637,160,431	386,689,535	250,470,896	64.77%
Total Noncurrent Liabilities	6,248,862,986	8,224,787,203	(1,975,924,217)	(24.02%)
Total Liabilities	13,992,295,447	14,326,375,920	(334,080,473)	(2.33%)
Equity				
Capital stock	5,723,017,872	5,723,017,872	-	0.00%
Additional paid in capital	8,206,662,618	8,206,662,618	-	0.00%
Accumulated re-measurements on retirement benefits	28,401,530	89,546,558	(61,145,028)	(68.28%)
Retained earnings	3,877,323,738	2,976,939,939	900,383,799	30.25%
Treasury shares	(7,955)	(7,955)	-	0.00%
Total Equity	17,835,397,803	16,996,159,032	839,238,771	4.94%
TOTAL LIABILITIES AND EQUITY	31,827,693,250	31,322,534,952	505,158,298	1.61%

As of 31 December 2019, the Company's consolidated assets stood at ₱31.83 billion, slightly higher than the ₱31.32 billion consolidated assets as of 31 December 2018. The net increase primarily pertains to the increase in investment properties following the continuous development of projects like NXTower I in Ortigas and WestEnd Square in Makati City.

At the end of 2019, total debt at the consolidated level amounted to ₱13.99 billion, a 2.33% decrease from the December 2018 level of ₱14.33 billion. The decrease in debt level was due to

payment of loans.

Total equity, on the other hand, increased by ₱839.24 million due to the net income recognized during the year.

c) The Company's top five (5) key performance indicators are as follows:

1. Net Income

The Company posted net income after tax of ₱900.38 million for the year ended 31 December 2019, higher than the net income generated in 2018 of ₱491.73 million. The increase was mainly due to higher revenues.

2. Current Ratio (Current Assets/Current Liabilities)

Current ratio as of 31 December 2019 1.19:1 compared to 1.74:1 as of 31 December 2018. The decrease was mainly due to higher current liabilities due to reclassification of payable to landowners from non-current to current as the obligation will become due within the next 12 months.

3. Earnings Per Share

The Company reported earnings per share of ₱0.1573 per share for the period ended 31 December 2019 and ₱0.0859 as of end of 2018. Diluted earnings per share for the period ending 31 December 2019 and 2018 is at ₱0.1573 and ₱0.0859 per share, respectively.

4. Debt to Equity Ratio (Total Liabilities/Total Equity)

The Company's debt to equity ratio decreased to 0.78 from 0.84 in 2018, the decrease was mainly due to principal payment of bank loans during the period.

5. Quick Ratio (Cash and Cash Equivalents and Receivables/Current Liabilities)

Quick ratio as of 31 December 2019 and 31 December 2018 is 0.42:1 and 0.66:1, respectively. The decline is primarily due to lower cash and cash equivalents and current receivables.

d) Known Trends, Events of Uncertainties

There are no known trends or any known demands, events of uncertainties that will affect the Company's liquidity. Expected inflows from operations are deemed sufficient to sustain the Company's operations for the next six months.

There are no events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

There are no known material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

There are no known trends, events of uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues of income from continuing operations.

e) Significant Elements of Income or Loss

There is no significant element of income that did not arise from continuing operations.

- f) The causes for any material change from period to period which shall include vertical and horizontal analyses of material item.

Results of the vertical analyses showed the following:

1. Cash and cash equivalents	7.30%
2. Receivables	5.01%
3. Real Estate project in progress	13.71%
4. Other current assets	5.09%
5. Investment properties	63.70%
6. Property and equipment	2.80%
7. Right of use asset	0.86%
8. Deferred income tax assets	0.03%
9. Other noncurrent assets	1.50%
10. Accounts payable and other current liabilities	11.09%
11. Deposits from customers	3.07%
12. Lease liabilities	1.57%
13. Deposits and other liabilities	2.60%
14. Payable to landowners	5.75%
15. Deferred income tax liabilities	0.19%
16. Loans Payable	19.69%
17. Equity	56.04%

Results of the horizontal analyses showed the following:

1. Cash and cash equivalents	-12.06%
The decrease was attributed to cash disbursements made by the Company relating to the continuous development of its projects during the year.	
2. Receivables	-5.52%
The decrease pertains to customer payments collected during the year.	
3. Real estate inventory	-12.02%
The decrease was mainly due to cost recognized on sold units.	
4. Other non-current assets	-11.97%
The decrease was mainly due to the decrease in the non-current portion of advances to contractors.	
5. Investment properties	7.20%

The increase was mainly due to the actual project cost incurred for the Company's ongoing projects.

6. Property and equipment	-6.73%
The decrease was mainly due to the depreciation recognized during the year.	
7. Right of use asset	100.00%
The increase was mainly due to recognition of the right to use of leased asset in compliance with PFRS16.	
8. Deferred income tax assets	-71.41%
The decrease primarily represents the timing difference between tax and book basis of accounting for real estate and leasing transactions.	
9. Customer's Deposits	-12.24%
The decrease primarily pertained to deposits from customers of real estate sales which are recorded as revenue for period.	
10. Payable to landowner	-2.97%
The decrease was mainly due to payment of outstanding balance related to various land purchases.	
11. Loans Payable	-12.87%
The decrease was mainly due to the bank loan payment during the year.	
12. Deposits and other liabilities	18.15%
The increase was mainly due to lease liabilities recorded in relation to the right of use of leased assets. Likewise security deposits, advance rental and retirement liability increased.	
13. Equity	4.94%
The increase was due to the net income realized for the current period. This was partially offset by the impact of the adoption of PRFS 16 on leases and compliance on PAS 23 in treating borrowing costs as an expense for assets not considered as qualifying assets on the Retained Earnings.	

A comparison of the key performance indicators for the period ended December 31, 2021 vis-à-vis the period ended December 31, 2020 is summarized.

SUMMARY OF KEY PERFORMANCE INDICATORS

	December 31, 2021		December 31, 2020	
A. CURRENT RATIO				
Current assets	<u>9,685,059,674</u>	1.49	<u>8,832,453,648</u>	1.59
Current liabilities	<u>6,483,130,113</u>		<u>5,555,944,648</u>	
B. DEBT TO EQUITY RATIO				
Total liabilities	<u>13,160,586,250</u>	0.68	<u>13,180,473,923</u>	0.71
Stockholders' equity	<u>19,223,722,969</u>		<u>18,641,463,192</u>	
C. QUICK RATIO				
Cash & cash equivalent	<u>2,179,108,363</u>		<u>1,407,273,712</u>	
Receivable (current)	<u>1,895,479,765</u>		<u>1,678,222,260</u>	
	<u>4,074,588,128</u>	0.63	<u>3,085,495,972</u>	0.56
Current liabilities	<u>6,483,130,113</u>		<u>5,555,944,648</u>	
D. ASSET TO EQUITY RATIO				
Total assets	<u>32,384,309,219</u>	1.68	<u>31,821,937,115</u>	1.71
Total equity	<u>19,223,722,969</u>		<u>18,641,463,192</u>	
E. INTEREST COVERAGE RATIO				
EBITDA	<u>1,332,936,625</u>	5.21	<u>1,825,286,138</u>	7.21
Interest expense	<u>256,056,319</u>		<u>253,281,116</u>	
F. GP RATE ON REAL ESTATE SALES				
Gross profit	<u>82,613,426</u>	0.60	<u>402,164,538</u>	0.63
Real estate sales	<u>137,666,528</u>		<u>641,688,856</u>	
G. GP RATE ON RENTAL INCOME				
Gross profit	<u>881,425,581</u>	0.55	<u>1,083,262,177</u>	0.62
Rental income	<u>1,614,216,585</u>		<u>1,757,700,827</u>	
H. BASIC/DILUTED EARNINGS PER SHARE				
Net income after tax	<u>550,245,775</u>	0.096	<u>802,100,784</u>	0.140
Weighted average no of shares	<u>5,723,007,872</u>		<u>5,723,007,872</u>	

ITEM 6 – DIRECTORS AND EXECUTIVE OFFICERS

Please refer to Item 5 on pages 9 to 13 of the Information Statement.

ITEM 7 – CORPORATE GOVERNANCE REPORT

The evaluation system established by the Company to measure or determine the level of compliance of the Board of Directors and top-level management with its Revised Manual of Corporate Governance.

The Compliance Officer is currently in charge of evaluating the level of compliance of the Board of Directors with its Revised Manual on Corporate Governance. Management

actively assesses its performance and adherence to the guidelines in accordance with the required compliance reports of the Commission.

Measures being undertaken by the Company to fully comply with the adopted leading practices on good corporate governance.

The Company is generally compliant with current policies and prescribed practices on good corporate governance. The Audit Committee amended the Audit Committee Charter to be fully compliant with SEC Memorandum Circular No. 4, Series of 2012. Accordingly, the Board of Directors exercises its oversight functions over the operations, processes and reports of the Management to ensure transparency and adherence to good corporate governance. Likewise, the Board of Directors continually monitors the operations and risk assessments to ensure that the shareholders' and stakeholders' interests are protected.

In 2020, the Company adopted and submitted to the Commission its Revised Manual on Corporate Governance pursuant to the recommendations of Memorandum Circular No. 24, Series of 2019 (Code of Corporate Governance for Public Companies and Registered Issuers).

Any deviation from the Company's Manual of Corporate Governance. It shall include a disclosure of the name and position of the person/s involved, and the sanction/s imposed on said individual.

At present, the Company has no knowledge of any deviation committed by any of its personnel from the Company's Manual.

Any plan to improve corporate governance of the Company.

The Company is continually improving its observance/implementation of the principles on Corporate Good Governance in order to add value to its shares.

ITEM 8 – UNDERTAKING TO PROVIDE ANNUAL REPORT

The Company shall, on written request, provide to shareholders, without charge, the Annual Report prepared pursuant to SEC Form 17-A. All such requests for a copy of the Annual Report should be directed to the Office of the Corporate Secretary at the 2/F Allied Bank Center, 6754 Ayala Avenue, Makati City, Metro Manila, Philippines.